

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEL AV 02719 172017Z

11

ACTION OPR-02

INFO OCT-01 NEA-14 ISO-00 ABF-01 FS-01 PER-05 A-01 /025 W

----- 064993

R 171514Z MAY 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 2458

LIMITED OFFICIAL USE TEL AVIV 2719

E.O. 11652: N/A

TAGS: ECON, IS

SUBJ: INFLATION CONTINUES

1. CONSUMER PRICE INDEX ROSE 2.7 PERCENT DURING APRIL, MAKING INCREASE OF 18.0 PERCENT DURING FIRST FOUR MONTHS OF 1974. COMPETENT OBSERVERS, INCLUDING MEIR AMIT (MANAGING DIRECTOR OF KOOR INDUSTRIES) AND YERHUHAM MESHEL (GENERAL SECRETARY OF HISTADRUT) HAVE TOLD EMBOFFS THAT THEY FEAR INFLATION WILL REACH 40 PERCENT IN CY 1974. WE CONSIDER THIS ESTIMATE REALISTIC.

2. THIS MEANS THAT EMBASSY'S BUDGET WILL SOAR. WE NOW EXPECT THAT THERE WILL BE FOUR COST-OF-LIVING ADJUSTMENTS (COLAS) DURING CY 1974: JANUARY 1 AND FEBRUARY 1 (ALREADY ACCOMPLISHED), JULY 1 AND OCTOBER 1. IN FACT, WE MUST RECKON IN FUTURE WITH A QUARTERLY COLA, WHICH IS SOMETHING NEW IN ISRAEL. MOREOVER, THERE WILL BE HEAVY PRESSURE BY LOCAL EMBASSY STAFF TO ADJUST BASE PAY MORE QUICKLY.
KEATING

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Message Attributes

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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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